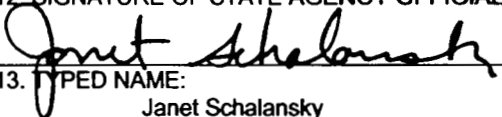
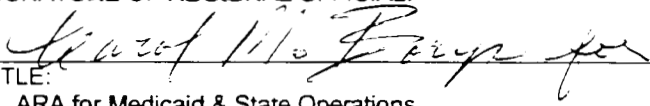


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL HEALTHCARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: SPA #02-09	2. STATE: Kansas
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2002	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447		7. FEDERAL BUDGET IMPACT a. FFY 2003 \$(10,800,000) b. FFY 2004 \$(10,800,000)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B #12.a., pages 1-2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B #12.a., pages 1-2	
10. SUBJECT OF AMENDMENT: Prescribed Drugs - Methods & Standards for Establishing Payment Rates			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Janet Schalansky is the Governor's <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Designee			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Janet Schalansky, Secretary Social & Rehabilitation Services Docking State Office Building 915 SW Harrison, Room 651S Topeka, KS 66612-2210	
13. TYPED NAME: Janet Schalansky			
14. TITLE: Secretary			
15. DATE SUBMITTED: 06/27/02			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 06/28/02		18. DATE APPROVED: SEP 25 2002	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 07/01/02		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Thomas W. Lenz		22. TITLE: ARA for Medicaid & State Operations	
23. REMARKS: cc: Schalansky Dwy Hinterkamp CO DSG-DIATA SPA CONTROL Date Submitted: 06/27/02 Date Received: 06/28/02			

KANSAS MEDICAID STATE PLAN

Attachment 4.19-B

#12.a., page 1

Prescribed Drugs Methods and Standards for Establishing Payment Rates

Reimbursement to pharmacy providers is based upon agency-determined allowable product cost for covered drugs plus an agency-determined dispensing fee. The dispensing fee assigned to each pharmacy provider is \$3.40 per prescription or a rate established by the agency.

A vaccine administration fee of \$10.00 or rate as established by the Kansas Secretary of the Department of Social and Rehabilitation Services may be paid to pharmacy providers certified to administer vaccines. Proof of certification must be on file with Medicaid.

TN #MS-02-09 Approval Date **SEP 25 2002** Effective Date 07/01/02 Supersedes TN #MS #00-14

KANSAS MEDICAID STATE PLAN

Attachment 4.19-B

#12.a., page 2

Prescribed Drugs

Methods and Standards for Establishing Payment Rates

The allowable drug product cost for determining reimbursement is based upon agency determinations which consider the aggregate upper limits of payment as defined in 42 C.F.R. Sec. 447.331 and 447.332, the State Maximum Allowable Cost (SMAC), or the estimated acquisition cost (EAC) as determined by the state for all drugs covered by the program. The estimated acquisition cost is determined by consideration of a specific drug product's probable acquisition cost or average wholesale price (AWP). If the AWP is utilized, 11% is deducted for brand name drugs and 27% is deducted for generic drugs to set the estimated acquisition cost as the reimbursable cost. The percentage deducted from AWP may be changed at the discretion of the Kansas Secretary of Social and Rehabilitation Services.

In no case shall reimbursement for a prescription exceed the provider usual and customary charges for that prescription. Where payment to a provider is limited as a result of the usual and customary change, such reduction shall first be made to the cost of drugs dispensed.

TN = MS-02-09 Approval Date **SEP 25 2002** Effective Date 07/01 02 Supersedes #MS-00-11